



OPINION EDITORIAL

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USDA Rural Development Broadband Program Opinion Editorial

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USDA BRINGS BROADBAND TO RURAL AMERICA

USDA is committed to equipping rural America with tools to remain vibrant and competitive. One of the ways we do this is through our broadband program. Broadband is as fundamental to the future of rural communities as railroads were in the 19th century and highways were in the 20th century. It is a window to the world, eroding barriers of time and distance, giving rural and small town businesses access to worldwide markets. Broadband levels the playing field and allows individuals to live locally while competing globally. With broadband, smaller communities are more competitive economically than they have been in previous years. For these reasons, President Bush has established a national goal of ensuring every American has access to broadband service by 2007. The U.S. Department of Agriculture-Rural Development has made this a priority.

The Rural Development Broadband Program is new. Authorized by the 2002 Farm Bill, it began operation in 2003 and has already provided access to over 1.5 million rural homes and businesses. In FY 2006, an additional \$900 million is available for rural broadband projects. Recognizing that every community is unique -- one size does not fit all -- the program is technology neutral. In its first three years, the broadband program has already approved applications involving digital subscriber lines (DSL), hybrid fiber coax, fiber to the home, wireless broadband, and broadband over power lines. The list will grow as broadband technology continues to evolve.

The program offers both loans and grants. Broadband loans are designed to provide access to rural residents and businesses on a normal commercial basis. These are complemented by the Community Connect, Distance Learning, and Telemedicine Programs, which provide grant assistance to install critical community facilities. Through FY 2005, over 5,200 rural hospitals, clinics, schools, and other educational and health facilities have been connected. The program has also connected 27 American Indian or Native Alaskan communities ranging from the Havasupai of Arizona to Hughes, Alaska, a native village of 78 people. In fact, the Havasupai, who have lived in the Grand Canyon for centuries, are the last community in the continental U.S. to receive mail by pack mule -- but thanks to USDA Rural Development, today they are just a click away from the global main street.

Bringing broadband services to rural areas does present special challenges. Due to low population density, the cost of service is, on average, three times higher for rural customers. Availability and affordability cannot be separated. For instance, based on the applications

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approved for funding, the average cost to deploy a rural fiber-to-the-home (FTTH) system is \$2,100 per business or household passed and \$3,800 per customer served. A comparative urban/suburban system costs less than \$1,200 per customer. Difficult terrain in many rural areas can raise costs even higher.

These problems can be overcome, but with millions of taxpayers' dollars at stake, USDA Rural Development has a responsibility to ensure the taxpayers and local residents are not saddled with bad loans. As with any rural electric or water project, a rigorous market analysis and strong business plan are essential, and build out strategies are tailored to the special circumstances of each community. The benefits are worth the effort. Broadband is truly a bridge of opportunity for rural America. One village or town, one business, and one family at a time, broadband is transforming rural America – and USDA Rural Development is proud to help. For more information on our Broadband program, go to <http://www.usda.gov/rus/telecom/broadband.htm> or contact the Nebraska USDA Rural Development State Office at (402) 437-5551 or Andre Boening at (402) 543-2129, Andre.Boening@wdc.usda.gov.

Thomas Dorr, Under Secretary for Rural Development
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